

REVISED
LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **February 8, 2005**

AGENDA ITEM NO.: 15

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: Issuance of \$450,000,000 Principal Amount of General Obligation Public Improvement Refunding Bonds

RECOMMENDATION:

1. Adopt a resolution amending the FY 2004-2009 General, School, Water, Sewer, Airport, Detention and E-911, and Solid Waste Management FY 2005 budgets and appropriate \$135,000 with resources of \$135,000 from the bond proceeds for the issuance costs associated with the issuance of \$450,000,000 General Obligation Public Improvement Refunding Bonds of the City.
2. Adopt a resolution authorizing the authorizing the issuance of an amount not to exceed \$450,000,000 principal amount of General Obligation Public Improvement Refunding Bonds of the City.

SUMMARY:

As a result of low interest rates, the City's Financial Advisor, BB&T Capital Markets has recommended that the City refund a portion of the 1996, 1997, 1998A, 1999 and 2000 bond issues through the issuance of approximately \$40,000,000 in refunding bonds. Depending on the bond market, the issuance amount could change as the sale date gets closer but not exceed \$450,000,000. At this time, the estimated debt service savings net of issuance costs is ~~\$1,965,119~~ \$2.2 million

There follows a summary of the proposed cost of issuance:

Cost Component	FY 2005 Estimate
Bond Counsel	\$40,000
Bond Ratings	36,000
Financial Advisor	36,000
Independent Auditor Official Statement Review	3,500
Official Statement Preparation, Electronic Distribution & Printing	10,000
Advertising	4,000
Miscellaneous Copying, postage, & overnight mailings, etc.	3,000
Savings Verification Report	2,500
Total	\$135,000

PRIOR ACTION(S):

FISCAL IMPACT: Issuance costs are funded from bond proceeds. Additional long-term debt

CONTACT(S): Michael W. Hill

455-4218

ATTACHMENT(S): Bond Resolution
Appropriating Resolution

REVIEWED BY:

Resolution

BE IT RESOLVED THAT the FY 2005 the General, School, Water, Sewer, Airport, Detention and E-911, and Solid Waste Management Fund budgets are amended and \$45,765, \$30,478, \$20,508, \$23,870, \$1,745, \$6,674, \$2,398, \$3,562 is appropriated respectively with resources of \$135,000 bond proceeds for expenses associated with the issuance of the FY 200 General Obligation Public Improvement Refunding Bonds.

Introduced:

Adopted:

Certified: _____
Clerk of Council

024Revised

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED FORTY-FIVE MILLION DOLLARS (\$45,000,000) PRINCIPAL AMOUNT OF GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS OF THE CITY OF LYNCHBURG, VIRGINIA, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND ALL OR A PORTION OF CERTAIN OUTSTANDING GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE CITY; FIXING THE FORM, DENOMINATION AND CERTAIN OTHER FEATURES OF SUCH BONDS; PROVIDING FOR THE SALE OF SUCH BONDS AT NEGOTIATED SALE AND DELEGATING TO THE CITY MANAGER THE AUTHORITY TO SELECT THE UNDERWRITER OR UNDERWRITERS OF SUCH BONDS AND TO DETERMINE THE INTEREST RATES, REDEMPTION PROVISIONS AND OTHER DETAILS OF SUCH BONDS; AUTHORIZING THE CITY TO ENTER INTO ONE OR MORE BOND PURCHASE CONTRACTS WITH THE UNDERWRITER OR UNDERWRITERS OF SUCH BONDS; AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT RELATING TO SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE RELATING TO SUCH BONDS; AUTHORIZING THE APPOINTMENT OF AN ESCROW AGENT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT BY AND BETWEEN THE CITY AND SUCH ESCROW AGENT AND THE PURCHASE OF THE SECURITIES TO BE HELD THEREUNDER; AND AUTHORIZING THE DESIGNATION OF THE REFUNDED BONDS FOR REDEMPTION

WHEREAS, pursuant to Article 5 of Chapter 26 of Title 15.2 of the Code of Virginia, 1950, as now in effect (the same being referred to herein as the "Public Finance Act of 1991"), the City is authorized to issue refunding bonds to refund all or a portion of its bonds in advance of their stated maturities; and

WHEREAS, the City has been advised by the City's Financial Advisor that the refunding in advance of their stated maturities and redemption of all or a portion of certain currently outstanding general obligation public improvement bonds of the City would result in annual debt service cost savings to the City; and

WHEREAS, in the judgment of this Council, it is necessary and expedient to authorize the issuance and sale of General Obligation Public Improvement Refunding Bonds of the City in the principal amount of not to exceed Forty-Five Million Dollars (\$45,000,000) for the purpose of refunding all or a portion of certain outstanding general obligation public improvement bonds of the City and paying certain costs related to the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA:

1. (a) Pursuant to the Public Finance Act of 1991, there are authorized to be issued not to exceed Forty-Five Million Dollars (\$45,000,000) general obligation bonds of the City for the purpose of refunding certain outstanding general obligation public improvement bonds of the City (the "Refunded Bonds") and paying certain costs related to the issuance of the Bonds, such general obligation bonds to be designated "City of Lynchburg, Virginia, General

Obligation Public Improvement Refunding Bonds" (the "Bonds"). The Bonds shall be issued and sold in their entirety at one time, or from time to time in part in series, as shall be determined by the Director of Financial Services. The Bonds may be sold at the same time as other general obligation bonds are sold by the City. All such Bonds shall be issued in fully registered form and shall be in the denomination of \$5,000 or any integral multiple thereof. The Bonds of a given series shall be numbered from R-1 upwards in order of issuance; and shall mature on such dates in such years and in such amounts in each year, shall be subject to redemption prior to their stated maturity or maturities with such premiums, if any, payable upon such redemption during such periods and shall bear interest at such rate or rates per annum as shall be determined by the City Manager in accordance with the provisions of Paragraph 8 hereof, such interest being payable on the day which is not more than one (1) year from the date of the Bonds of such series and semiannually thereafter and, unless otherwise provided in the proceedings authorizing the issuance of the Bonds of any such series, such interest shall be computed on the basis of a three hundred and sixty (360) day year comprised of twelve (12) thirty (30) day months. The Director of Financial Services is authorized to determine, in accordance with and subject to the provisions of this Resolution: the date or dates of the Bonds; the place or places of payment thereof and the paying agent or paying agents therefor; and the place or places of registration, exchange or transfer thereof and the registrar therefor.

(b) In the event the Bonds of any series shall be dated as of a date other than the first day of a calendar month or the dates on which interest is payable on such series are other than the first days of calendar months, the provisions of Paragraph 2 with regard to the authentication of such Bonds and of Paragraph 10 with regard to the form of such Bonds shall be modified as the Director of Financial Services shall determine to be necessary or appropriate.

(c) If the Bonds are subject to redemption and if any Bonds (or portions thereof in installments of \$5,000 or any integral multiple thereof) are to be redeemed, notice of such redemption specifying the date, numbers and maturity or maturities of the Bond or Bonds to be redeemed, the date and place or places fixed for their redemption and the premium, if any, payable upon such redemption, and if less than the entire principal amount of a Bond called for redemption is to be redeemed, that such Bond must be surrendered in exchange for payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equalling in principal amount that portion of the principal amount of the Bond to be surrendered not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the registered owner of such Bond at his address as it appears on the books of registry kept by the registrar for the Bonds (the "Registrar") as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If any Bonds shall have been called for redemption and notice thereof shall have been given as hereinabove set forth, and payment of the principal amount of such Bonds (or the principal amount thereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made or provided for, interest on such Bonds shall cease to accrue from and after the date so specified for their redemption.

(d) The Bonds shall be issued, upon initial issuance, in fully registered form and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and immobilized in the custody of DTC. One fully registered Bond of the principal amount of each maturity shall be registered to

Cede & Co. Beneficial owners of Bonds shall not receive physical delivery of Bonds. Individual purchases of Bonds may be made in book-entry form only in principal amounts of \$5,000 and integral multiples thereof. Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its nominee as registered owner of such Bonds on the applicable payment date.

Transfer of principal, premium, if any, and interest payments to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants") shall be the responsibility of DTC. Transfer of principal, premium, if any, and interest payments to beneficial owners of the Bonds by the Participants is the responsibility of the Participants and other nominees of such beneficial owners. The City shall notify DTC of any notice required to be given pursuant to this Resolution, not less than fifteen (15) calendar days prior to the date upon which such notice is required to be given; *provided* that the failure to provide such notice to DTC shall not invalidate any action taken or notice given by the City hereunder.

Transfer of ownership interests in the Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the Bonds, in accordance with rules specified by DTC and its Participants. The City makes no assurance that DTC, its Participants or other nominees of the beneficial owners of the Bonds shall act in accordance with such rules or on a timely basis.

(e) Replacement Bonds (the "Replacement Bonds") shall be issued directly to beneficial owners of Bonds rather than to DTC, or its nominee, but only in the event that:

(i) DTC determines not to continue to act as securities depository for the Bonds; or

(ii) The City has advised DTC of its determination that DTC is incapable of discharging its duties; or

(iii) The City has determined that it is in the best interest of the beneficial owners of the Bonds not to continue the book-entry system of transfer.

Upon occurrence of the events described in clause (i) or (ii) above the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall execute and deliver Replacement Bonds substantially in the form set forth in Paragraph 10 to the Participants. In the event the City makes the determination noted in clause (ii) or (iii) above (the City undertakes no obligation to make any investigation to make any such determination) and has made provisions to notify the beneficial owners of Bonds by mailing an appropriate notice to DTC, the City shall execute and deliver Replacement Bonds substantially in the form set forth in Paragraph 10 to any Participants making a request for such Replacement Bonds. The City shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. Principal of, premium, if any, and interest on the Replacement Bonds shall be payable and such Replacement Bonds will be transferable and exchangeable in accordance with Paragraph 3 of this Resolution.

So long as the Bonds shall be in book-entry form only and registered in the name of Cede & Co., as a nominee of DTC, the Director of Financial Services of the City shall serve as registrar and paying agent for the Bonds.

2. (a) The Bonds shall be executed, for and on behalf of the City, by the manual or facsimile signature of the Mayor of the City and shall have an impression of the corporate seal of the City or a facsimile thereof embossed or imprinted thereon, attested by the manual or facsimile signature of the Clerk of Council of the City.

(b) The Director of Financial Services shall direct the Registrar for the Bonds of a given series to authenticate such Bonds and no such Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication endorsed on each Bond shall have been manually executed by an authorized signator of the Registrar. Upon the authentication of any Bonds, the Registrar shall insert in the certificate of authentication the date as of which such Bonds are authenticated as follows: (i) if the Bond is authenticated prior to the first interest payment date, the certificate shall be dated as of the date of the initial issuance and delivery of the Bonds of the issue of which such Bond is one, (ii) if the Bond is authenticated upon an interest payment date, the certificate shall be dated as of such interest payment date, (iii) if the Bond is authenticated after the fifteenth (15th) day of the calendar month next preceding an interest payment date and prior to such following interest payment date, the certificate shall be dated as of such following interest payment date and (iv) in all other instances the certificate shall be dated as of the actual date upon which the Bond is authenticated by the Registrar.

(c) The execution of the Bonds in the manner above set forth is adopted as a due and sufficient authentication of the Bonds.

3. (a) The principal of and premium, if any, and interest on the Bonds shall be payable in such coin or currency of the United States of America as at the respective dates of payment thereof is legal tender for public and private debts.

(b) Interest on the Bonds shall be payable by check mailed by the Registrar to the registered owners of such Bonds at their respective addresses as such addresses appear on the books of registry kept pursuant to the provisions of this Paragraph 3. Principal of and premium, if any, on the Bonds shall be payable on presentation and surrender thereof at the office of the Registrar.

(c) At all times during which any Bond of any series remains outstanding and unpaid, the Registrar for such series shall keep or cause to be kept at its office books of registry for the registration, exchange and transfer of Bonds of such series. Upon presentation at its office for such purpose the Registrar, under such reasonable regulations as it may prescribe, shall register, exchange or transfer, or cause to be registered, exchanged or transferred, on the books of registry the Bonds as hereinbefore set forth.

(d) The books of registry shall at all times be open for inspection by the City or any duly authorized officer thereof.

(e) Any Bond may be exchanged at the office of the Registrar for such series of Bonds for a like aggregate principal amount of such Bonds in other authorized principal sums of the same series, interest rate and maturity.

(f) Any Bond of any series may, in accordance with its terms, be transferred upon the books of registry by the person in whose name it is registered, in person or by his duly authorized agent, upon surrender of such Bond to the Registrar for such series of cancellation, accompanied by a written instrument of transfer duly executed by the registered owner in person or his duly authorized agent, in form satisfactory to the Registrar.

(g) All transfers or exchanges pursuant to this Paragraph 3 shall be made without expense to the registered owners of such Bonds, except as otherwise herein provided, and except that the Registrar for such series of Bonds shall require the payment by the registered owner of a Bond requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to this Paragraph 3 shall be cancelled.

4. The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and premium, if any, and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, are outstanding and unpaid, this Council shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

5. CUSIP identification numbers may be printed on the Bonds, but no such number shall constitute a part of the contract evidenced by the particular Bond upon which it is printed and no liability shall attach to the City or any officer or agent thereof (including any paying agent for the Bonds) by reason of such numbers or any use made thereof (including any use thereof made by the City, any such officer or any such agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use. All expenses in relation to the printing of such numbers on the Bonds shall be paid by the City including the CUSIP Service Bureau charge for the assignment of such numbers.

6. The City covenants and agrees that it shall comply with the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, and the applicable Treasury Regulations promulgated under such Sections 103 and 141-150 so long as any Bond is outstanding.

7. The net proceeds of sale of the Bonds shall be applied to the payment of the principal of and premium, if any, and interest on the Refunded Bonds.

8. (a) The Bonds shall be sold in one or more series in accordance with the provisions of Paragraph 1 at negotiated sale on such date or dates as shall be determined by the Director of Financial Services. The Director of Financial Services of the City is authorized

to cause to be prepared and distributed a Preliminary Official Statement relating to the Bonds of each series. All actions taken by the appropriate employees, agents and attorneys of the City with respect to the preparation of the Preliminary Official Statement prior to the date hereof and actions taken with respect to the distribution of the Preliminary Official Statement are hereby ratified and approved.

(b) Pursuant to the authority of and for the purposes specified herein, there is hereby delegated to the City Manager the authority, without further action by this Council, to sell the Bonds of each series at negotiated sale to the underwriter or underwriters selected by the City Manager (the "Underwriters"), at a price not less than ninety-eight percent (98%) of the principal amount of the bonds, plus accrued interest from the date of the Bonds to the date of delivery thereof and payment therefor, and to execute and deliver to the Underwriters one or more Bond Purchase Contracts relating to the sale of the Bonds by the City to such Underwriters; *provided* (i) that the true interest cost to the City shall not be in excess of five and one-half percent (5 ½%), (ii) the redemption premium payable upon the redemption of the Bonds of such series shall not exceed two percent (2%) of the principal amount thereof and (iii) the net present value savings ratio shall not be less than three percent (3%) based on the debt service on the Refunded Bonds. The City Manager is hereby further authorized to determine, or to modify the provisions of this resolution with respect to, the dated date of the Bonds, the interest payment dates for the Bonds, the dates on which and years in which the Bonds shall mature, the principal amount of the Bonds maturing on each such maturity date and the redemption provisions applicable to the Bonds and to fix the rates of interest to be borne by the Bonds.

(c) The Director of Financial Services and other appropriate officials and employees of the City are hereby authorized and directed to prepare, or to cause to be prepared, a final Official Statement relating to the Bonds, such final Official Statement to be in substantially the form of the Preliminary Official Statement with the completion therein of the information with respect to the interest rates to be borne by the Bonds, the principal amount of the Bonds maturing in each year and other definitive details of the Bonds determined by the City Manager upon the sale of the Bonds.

(d) The Mayor is hereby authorized to execute and deliver to the representative of the purchasers of the Bonds the final Official Statement relating to the Bonds in accordance with the provisions of the Detailed Notice of Sale relating to the Bonds.

(e) The Preliminary Official Statement shall be "deemed final" as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 ("Rule 15c2-12") except for the omission of information permitted to be omitted by Rule 15c2-12. The Director of Financial Services is hereby authorized to execute and deliver to the representative of the purchasers of the Bonds a certificate dated the date of the Preliminary Official Statement stating that the Preliminary Official Statement is deemed final by the City for purposes of Rule 15c2-12 as of its date.

9. The form of the Continuing Disclosure Certificate presented to and filed with the minutes of the Council at which this resolution is being adopted, and the terms, conditions and provisions thereof, are hereby approved, ratified and confirmed by the Council, and the City Manager is hereby authorized and directed to execute the Continuing Disclosure

Certificate in such form, together with such changes as shall be approved by the City Manager, upon the advice of counsel (including the City Attorney and Bond Counsel), such approval to be conclusively evidenced by their execution thereof. The City covenants with the holders from time to time of the Bonds that it will, and hereby authorizes the appropriate officers and employees of the City to take all action necessary or appropriate to, comply with and carry out all of the provisions of the Continuing Disclosure Certificate, as amended from time to time.

10. The Bonds, the certificate of authentication of the Registrar and the assignment endorsed on the Bonds, shall be in substantially the forms set forth in Exhibit A with such changes in format as may be appropriate to conform with customs and practices applicable to comparable securities.

11. (a) Subject to the issuance, sale and delivery of the Bonds pursuant to this Resolution for the purpose of refunding the Refunded Bonds and paying certain costs related to the issuance of such Bonds, this Council hereby designates for redemption on such dates as shall determined by the City Manager or the Deputy City Manager the Refunded Bonds selected for refunding by the City Manager or the Deputy City Manager. The City Manager or the Deputy City Manager is hereby authorized and directed to select a bank or trust company to serve, or the City may itself serve, as Escrow Agent, if necessary, and to deliver to such Escrow Agent or applicable City officials irrevocable written instructions to give notices, or to cause such notices to be given, in the name and on behalf of the City, to the holders of the Refunded Bonds of the redemption of such Refunded Bonds on the date fixed for the redemption thereof, such notices to be given in the manner and at the time or times provided in proceedings authorizing the issuance of the Refunded Bonds. The City Manager or the Deputy City Manager is hereby further authorized and directed to select a verification agent, if necessary, in connection with effecting the redemption of the Refunded Bonds. The City Manager and the Deputy City Manager are hereby authorized to take all such actions as they shall deem to be necessary or desirable to effect the redemption of the Refunded Bonds.

(b) The City Manager or the Deputy City Manager is hereby authorized and directed to execute and deliver an Escrow Deposit Agreement by and between the City and the Escrow Agent in such form as shall be approved by the City Manager or the Deputy City Manager upon the advice of counsel (including the City Attorney or Bond Counsel), such approval to be conclusively evidenced by the execution of the Escrow Deposit Agreement by the City Manager or the Deputy City Manager.

(c) The City Manager and the Deputy City Manager, or either of them, are hereby authorized to execute, on behalf of the City, subscriptions for United States Treasury Obligations - State and Local Government Series, if any, to be purchased by the Escrow Agent from moneys deposited in the Escrow Deposit Fund created and established under any Escrow Deposit Agreement. Such United States Treasury Obligations - State and Local Government Series, if any, so purchased shall be held by the Escrow Agent under and in accordance with the provisions of the related Escrow Deposit Agreement. The City Manager and Deputy City Manager, or either of them, are hereby authorized to enter into such purchase agreements, including forward supply agreements, if any, as shall be required in connection with the purchase by the Escrow Agent, from moneys deposited in the Escrow Deposit Fund created and established under any Escrow Deposit Agreement, of Government Securities (as defined in the

Escrow Deposit Agreement) other than United States Treasury Obligations - State and Local Government Series.

12. All actions and proceedings heretofore taken by this Council, the City Manager, the Deputy City Manager, the Director of Financial Services and the other officers, employees, agents and attorneys of the City in connection with the authorization, issuance and sale of the Bonds are hereby ratified, confirmed and approved.

13. The City Attorney of the City is directed to file a copy of this Resolution, certified by the Clerk of Council of the City to be a true and correct copy hereof, with the Circuit Court of the City in accordance with Section 15.2-2607 of the Code of Virginia, 1950.

14. All ordinances, resolutions and other proceedings in conflict herewith are, to the extent of such conflict, repealed.

15. This Resolution shall take effect upon its adoption.

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF LYNCHBURG
GENERAL OBLIGATION PUBLIC IMPROVEMENT
REFUNDING BOND, SERIES ____

REGISTERED
NO. R-____

REGISTERED
\$_____

INTEREST
RATE

MATURITY
DATE

DATE OF BOND

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

The City of Lynchburg, a municipal corporation of the Commonwealth of Virginia (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner (named above), or registered assigns, on the Maturity Date (specified above) unless this Bond shall have been duly called for previous redemption and payment of the redemption price duly made or provided for, the Principal Sum (specified above) and to pay interest on such Principal Sum until the payment of such Principal Sum in full, at the Interest Rate (specified above) per annum, on _____, _____ and semiannually on each _____ and _____ thereafter (each such date is hereinafter referred to as an "interest payment date"), from the date hereof or from the interest payment date next preceding the date of authentication hereof to which interest shall have been paid, unless such date of authentication is an interest payment date if interest shall have been paid to that date, in which case from such interest payment date, or unless such date of authentication is within the period from the sixteenth (16th) day to the last day of the calendar month next preceding the following interest payment date, in which case from such following interest payment date. *[To be substituted if the interest payment date is the 15th day of the month:* or unless such date of authentication is within the period from the first (1st) day to the fourteenth (14th) day of the calendar month in which the following interest payment date shall occur, in which event from such following interest payment date]. Such interest shall be computed on the basis of a three hundred and sixty (360) day year consisting of twelve (12) thirty (30) day months. Such interest is payable on each interest payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner hereof at his address as it appears on such books of registry kept by the Registrar, as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. *[To be substituted if the interest payment date is the 15th day of the month:* Such interest is payable on each interest

payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner hereof at his address as it appears on the books of registry kept by the Registrar, as of the close of business on the last day (whether or not a business day) of the calendar month next preceding each interest payment date.]

The principal of and premium, if any, on this Bond are payable on presentation and surrender hereof at the office of the **Director of Financial Services of the City**, as Registrar, in the City of Lynchburg, Virginia. The principal of and premium, if any, and interest on this Bond are payable in such coin or currency of the United States of America as at the respective dates of payment thereof is legal tender for public and private debts.

This Bond is one of an issue of Bonds aggregating _____ Dollars (\$_____) in principal amount issued for the purpose of providing funds and to refund in advance of their stated maturities selected maturities of certain outstanding issues of the general obligation public improvement bonds of the City under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), the Charter of the City, and a resolution and other proceedings of the Council of the City duly adopted and taken under the Public Finance Act of 1991.

The Bonds of the issue of which this Bond is one (or portions of the principal amount thereof in installments of \$5,000) maturing on or after _____, _____ are subject to redemption at the option of the City prior to their stated maturities on or after _____, _____, in whole or in part on any date, in such order as may be determined by the City (except that if at any time less than all of the Bonds of a given maturity are called for redemption, the particular Bonds or portions thereof in installments of \$5,000 or any integral multiple thereof of such maturity to be redeemed shall be selected by lot), upon payment of the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with the interest accrued thereon to the date fixed for the redemption thereof:

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u> <u>(Percentage of Principal Amount)</u>
_____, _____ to _____, _____	%
_____, _____ to _____, _____	
_____, _____ and thereafter	

If this Bond is redeemable and this Bond (or any portion of the principal amount hereof) shall be called for redemption, notice of the redemption hereof, specifying the date, number and maturity of this Bond, the date and place or places fixed for its redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of this Bond is to be redeemed, that this Bond must be surrendered in exchange for the principal amount hereof to be redeemed and a new Bond or Bonds issued equalling in principal amount that portion of the principal amount hereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the Registered Owner hereof at his address as it appears on the books of registry kept by the

Registrar as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of this Bond shall have been given as aforesaid, and payment of the principal amount of this Bond (or of the portion of the principal amount hereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made or provided for, interest hereon shall cease to accrue from and after the date so specified for the redemption hereof.

Subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Bonds of the series of which this Bond is one, this Bond may be exchanged at the office of the Registrar for a like aggregate principal amount of Bonds of other authorized principal amounts and of the same series, interest rate and maturity. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, on the books of registry kept by the Registrar for such purpose at the office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Bonds of the series of which this Bond is one, and upon the surrender hereof for cancellation. Upon such transfer a new Bond or Bonds of authorized denominations and of the same aggregate principal amount, series, interest rate and maturity as the Bond surrendered will be issued to the transferee in exchange herefor.

The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and premium, if any, and interest on this Bond as the same become due. In each year while this Bond is outstanding and unpaid, the Council of the City is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on this Bond to the extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond shall not be valid or obligatory unless the certificate of authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is certified, recited and declared that all acts, conditions and things required to exist, happen or be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limitation of indebtedness prescribed by the Constitution or statutes of the Commonwealth of Virginia or the Charter of the City.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor; a facsimile of the corporate seal of the City to be imprinted hereon, attested by the manual or facsimile signature of the Clerk of Council of the City; and this Bond to be dated _____, ____.

CITY OF LYNCHBURG, VIRGINIA

[SEAL]

Mayor

Attest:

Clerk of Council

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within-mentioned proceedings.

By: _____
Director of Financial Services,
as Registrar

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

(Please print or typewrite name and address, including zip code, of Assignee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER TAX IDENTIFYING NUMBER OF ASSIGNEE

the within-mentioned Bond and hereby irrevocably constitutes and appoints _____, agent, to transfer the same on the books of registry in the office of registrar with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange Inc. or a commercial bank or trust company.

(Signature of Registered Owner)
NOTICE: The signature to this assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.